

INCOMING TELEGRAM *Department of State*

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JOINT EMBASSY/USIS MESSAGE

REF: STATE 140124 CIRCULAR

1. THUS FAR THERE HAS BEEN NO OFFICIAL REACTION
HERE TO PRESS REPORTS OF CIA SUPPORT TO YOUTH AND OTHER
ORGANIZATIONS.

2. WITHIN LAST FORTY-EIGHT HOURS ICELANDIC PRESS HAS GIVEN
MODERATE COVERAGE TO SUBJECT IN CONTRAST TO LIMITED TREATMENT
OF PREVIOUS FIVE DAYS AS REPORTED A-225, BUT WE HAVE NOT YET
SEEN ANY EDITORIAL COMMENT.

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3. HOWEVER NEWS MEDIA REPS HAVE ALREADY QUESTIONED WHETHER
FULBRIGHT PROGRAM HAS BEEN HARMED BY REPORTS THAT CIA FINANCING
VARIOUS GROUPS. AS REPORTED OUR TEL 363 SENATOR FULBRIGHT WHO
VISITING ICELAND ON OCCASION TENTH ANNIVERSARY. FULBRIGHT
PROGRAM HERE FIELDLED QUESTION ON THIS SUBJECT AT FEBRUARY
22 PRESS CONFERENCE. SENATOR'S LUCID STATEMENT EMPHASIZED
FINANCING OF PROGRAM IS ABOVE BOARD AND THAT HE HAD WARNED
CIA DIRECTOR ON NUMEROUS OCCASIONS "NOT TO HAVE ANYTHING TO
DO WITH FULBRIGHT STUDENTS." SUBSTANCE OF THESE REMARKS
REPORTED IN ALL ICELANDIC NEWSPAPERS WITH EXCEPTION LOW
CIRCULATION ALTHYDUBLADID. WE BELIEVE REMARKS OF SENATOR
WHO IS EXTREMELY WELL THOUGHT OF IN GOVERNMENT AND NEARLY
ALL PRIVATE QUARTERS WILL EFFECTIVELY HEAD OFF ANY SIGN-
IFICANT ADVERSE EFFECTS ON FULBRIGHT PROGRAM.

4. WE DO NOT BELIEVE OTHER PROGRAMS CONDUCTED BY USG AND
PRIVATE AMERICAN ORGANIZATIONS WILL BE SIGNIFICANTLY AFFECTED
IN THE ABSENCE OF FURTHER PRESS REPORTS WHICH WOULD ASSOCIATE
ICELANDERS SPECIFICALLY WITH ORGANIZATIONS ALLEGED TO HAVE
RECEIVED CIA FUNDS. LOCAL JOURNALISTS HAVE THUS FAR NOT MADE
MENTION OF FACT THAT IN PAST A NUMBER OF ICELANDERS NOW IN

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State Dept. review completed

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MIDDLE GRADE GOVERNMENT AND PRIVATE INDUSTRY POSITIONS HAVE
ATTENDED SESSIONS INTERNATIONAL MARKETING INSTITUTE UNDER USG
AUSPICES. WE DOUBT THAT EVEN COMMUNIST PRESS WERE COULD MAKE
TOO MUCH OF THIS ASSOCIATION EXCEPT TO REINFORCE BELIEFS WHICH
COMMUNISTS AND FELLOW TRAVELERS ALREADY HOLD ON SUBVERSIVE
ACTIVITIES CIA.

GP-3. PENFIELD
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